

Metropolitan Transportation Commission

Reports on Federal Awards in Accordance
with OMB Circular A-133
June 30, 2009

Component Unit

EIN

Metropolitan Transportation Commission
Service Authority for Freeways

94-1749911
94-3196169

SAR
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Metropolitan Transportation Commission
Reports on Federal Award Programs in Accordance with OMB Circular A-133
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**Report of Independent Auditors on Internal Control Over
Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards***

To the Commissioners of the
Metropolitan Transportation Commission:

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Metropolitan Transportation Commission ("MTC") as of and for the year ended June 30, 2009, which collectively comprise MTC's basic financial statements and have issued our report thereon dated October 6, 2009, which included an explanatory paragraph to described MTC's adoption of the provisions of new accounting standards. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered MTC's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of MTC's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of MTC's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether MTC's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Commission, management, and federal awarding agencies and pass through entities, and is not intended to be and should not be used by anyone other than these specified parties.

PricewaterhouseCoopers LLP

October 6, 2009

**Report of Independent Auditors on Compliance With Requirements
Applicable to Each Major Program and on Internal Control Over Compliance
in Accordance With OMB Circular A-133**

To the Commissioners of the
Metropolitan Transportation Commission:

Compliance

We have audited the compliance of the Metropolitan Transportation Commission ("MTC") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. MTC's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of MTC's management. Our responsibility is to express an opinion on MTC's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about MTC's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of MTC's compliance with those requirements.

In our opinion, MTC complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of MTC is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered MTC's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly we do not express an opinion on the effectiveness of MTC's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of MTC as of and for the year ended June 30, 2009, and have issued our report thereon dated October 6, 2009. Our audit was performed for the purpose of forming opinions on the basic financial statements that collectively comprise MTC's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Commission, management, and federal awarding agencies and pass thru entities and is not intended to be and should not be used by anyone other than these specified parties.

PricewaterhouseCoopers LLP

October 6, 2009

Metropolitan Transportation Commission
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009

Federal Grantor/Pass Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass Through Entity Identification Number	Expenditures
Department of Transportation - Federal Highway Administration			
Passed Through from the California Department of Transportation			
FHWA Highway Planning and Construction Grants (M)			
04 OWPMTCM (FHWA)	20.205	04-6084	\$ 6,981,444
04 OWPMTCM (SP&R)	20.205	04-6084	182,129
08 OWPMTCM (SP&R)	20.205	04-6084	48,147
Partnership Rgl Blueprint	20.205	04-6084	338,760
HPLUL 6084(127)	20.205	04-6084	106,835
DTFH61-07-H-00024 (UPP)	20.205	04-6084	120,838
VPPL-6084(133)	20.205	04-6084	43,722
CMLN-6084 (080)	20.205	04-6084	2,746
CMLN-6084 (088)	20.205	04-6084	70,973
CMLN-6084(105)	20.205	04-6084	5,689
CMLN-6084 (108)	20.205	04-6084	37,274
CMLN-6084 (078)	20.205	04-6084	34,253
STPCML-6084(122)	20.205	04-6084	1,023,231
CMLN-6084 (126)	20.205	04-6084	171,846
CMLN-6084 (123)	20.205	04-6084	72,708
CMLN-6084 (129)	20.205	04-6084	22,691
CMLN-6084 (136)	20.205	04-6084	808,002
STPCML-6084(137)	20.205	04-6084	957,379
CMLN-6084 (132)	20.205	04-6084	1,229,613
CMLN-6084 (141)	20.205	04-6084	438,678
STPL-6084 (087)	20.205	04-6084	2,829
STPL-6084 (095)	20.205	04-6084	659,958
STPL-6084 (099)	20.205	04-6084	2,147
STPCML-6084(107)	20.205	04-6084	15,693
STPL-6084 (104)	20.205	04-6084	300
STPCML-6084(115)	20.205	04-6084	795,689
STPCML-6084(095)	20.205	04-6084	6,314,421
STPL-6084 (119)	20.205	04-6084	26,393
STPCML-6084(122)	20.205	04-6084	1,931,471
STPL-6084 (116)	20.205	04-6084	4,347
STPCML-6084(137)	20.205	04-6084	3,846,498
STPL-6084 (131)	20.205	04-6084	743,705
STPL-6084 (117)	20.205	04-6084	1,193
STPL-6084 (140)	20.205	04-6084	313,974
STPL-6084 (124)	20.205	04-6084	413,924
STPL-6084 (138)	20.205	04-6084	4,062,764
Total Highway Planning and Construction			<u>31,832,264</u>

The accompanying notes are an integral part of this schedule.

Metropolitan Transportation Commission
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009

Federal Grantor/Pass Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass Through Entity Identification Number	Expenditures
Department of Transportation - Federal Transit Administration			
Passed Through from the California Department of Transportation:			
Federal Transit - Metropolitan Planning Grants			
04 OWPMTCM (FTA 5303)	20.505	04-6084	\$ 2,596,550
FTA State Planning and Research			
04 OWPMTCM (FTA 5304)	20.515	04-6084	420,522
Passed through from the Golden Gate Bridge, Highway and Transportation District (GGBHTD)			
FTA Federal Transit - Formula Grants			
CA-90-Y002-00 (FTA)	20.507	GGBHTD - 1701	234,885
CA-90-Y092-00 (FTA)	20.507	GGBHTD - 1701	1,555,000
CA-90-Y401 (FTA)	20.507	GGBHTD - 1701	1,166,482
Total Passed Through from GGBHTD			<u>2,956,367</u>
Department of Transportation - Federal Aviation Administration			
FAA Airport Improvement Program			
1201 FAA 3-06-E404-01	20.106		305,331
Department of Transportation - Federal Transit Administration			
FTA Job Access - Reverse Commute			
CA-37-X076-00 (JARC)	20.516		2,782,968
CA-37-X043-00 (JARC)	20.516		52,844
CA-37-X044-00 (JARC)	20.516		202,780
CA-37-X064-00 (JARC)	20.516		276,346
Total FTA Job Access - Reverse Commute			<u>3,314,938</u>
Total Expenditures of Federal Awards - MTC			<u>\$ 41,425,972</u>

The accompanying notes are an integral part of this schedule.

Metropolitan Transportation Commission
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009

Service Authority for Freeways & Expressways

Federal Grantor/Pass Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass Through Entity Identification Number	Expenditures
Department of Transportation - Federal Highway Administration			
FHWA Highway Planning and Construction Grants			
Passed Through from the California Department of Transportation			
CML-6084 (082)	20.205	04-6084	\$ 5,608
CML-6160 (014)	20.205	04-6084	580,150
CML-6084 (139)	20.205	04-6084	179,354
Total Expenditures of Federal Awards - SAFE			<u>\$ 765,112</u>

The accompanying notes are an integral part of this schedule.

Metropolitan Transportation Commission
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009

1. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") presents the activity of all expenditures of federal awards of the Metropolitan Transportation Commission ("MTC"). MTC's reporting entity is defined in Note 1 to MTC's financial statements. The Service Authority for Freeways & Expressways ("SAFE") is a blended component unit of MTC. The federal expenditures under MTC and the SAFE have been separately reported on the Schedule.

The Schedule is presented using the modified accrual basis of accounting. MTC's financial statements are prepared on the accrual and modified accrual basis, which are describe in Note 1 of the notes to MTC's financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in preparation of, the financial statements.

2. Pass Through to Subrecipients

Of the federal expenditures in the Schedule, MTC provided the following amounts to subrecipients. SAFE did not pass through any federal assistance to subrecipients.

CFDA Number	Program Description	Pass Through to Subrecipients
20.205	Highway Planning and Construction	\$ 7,527,703
20.505	Metropolitan Planning Grants	791,404
20.507	Federal Transit - Formula Grants	98,013
20.515	State Planning and Research	225,659
20.516	Job Access - Reverse Commute	3,314,938
20.106	Airport Improvement Program	67,500

Metropolitan Transportation Commission
Schedule of Findings and Questioned Costs
Year Ended June 30, 2009

I. Summary of Auditor's Results

1. Financial Statements

Type of auditor's reported issued: Unqualified

Internal control over financing reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? None Reported

Noncompliance material to financial statements noted? No

2. Federal Awards

Internal control over major programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? None reported

Type of auditor's reported issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? No

3. Identification of Major Programs

CFDA/Grant Numbers	Name of Federal Program or Cluster
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CFDA 20.205	Highway Planning and Construction
CFDA 20.507	Federal Transit – Formula Grants
CFDA 20.515	State Planning and Research
CFDA 20.516	Job Access – Reverse Commute

Dollar threshold used to distinguish between Type A and Type B programs: \$1,256,734

Auditee qualified as low-risk auditee? Yes

Metropolitan Transportation Commission
Schedule of Findings and Questioned Costs
Year Ended June 30, 2009

II. Financial Statement Findings

There were no financial statement findings for the year ended June 30, 2009.

III. Federal Award Findings and Questioned Costs

There were no federal award findings or questioned costs for the year ended June 30, 2009.

Metropolitan Transportation Commission
Summary Schedule of Prior Year Findings
Year Ended June 30, 2009

Summary Schedule of Prior Year Findings

Item 08-01: Compensation for personnel services

During the year ended June 30, 2008, our auditors identified an error on the charges for personnel compensation for the two week pay period ended October 19, 2007.

Prior to submitting the final billings for fiscal year 2008, we completed a full analysis of the error and posted a correcting journal entry, correcting the salary charges in the final billings for fiscal year 2008.